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CITY & TOWN

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Cutting Red Tape — Executive Order 384 Written by Bruce Stanford

The State House is not the only place in Massachusetts where law-making occurs. Law-making also takes place within the many agencies of state government, as agency personnel exercise the rule-making authority delegated to them by the State Legislature.

The most formal of all agency rules are *regulations*. To invest a rule with this status, an agency must promulgate it under the provisions of M.G.L. Ch.30A, the Administrative Procedure Act.

Regulations possess an authority analogous to that of statutes enacted by the State Legislature. As the Supreme Judicial Court declared in *Borden, Inc. v. Commissioner of Public Health*, 388 Mass. 707 (1983), a court reviewing a regulation "must apply all rational presumptions in favor of the validity of the administrative action and not declare it void unless its provisions cannot by any reasonable construction be interpreted in harmony with the legislative mandate."

Throughout the 1970s and 1980s, particularly, state agencies prodigiously exercised their authority to promulgate regulations. They expanded and detailed agency rules, striving to include all possible particulars concerning every regulated activity. These efforts resulted in the 26-volume Code of Massachusetts Regulations, a massive publication which, in early 1996, contained over 1,700 regulations occupying over 20,000 pages.

On February 7, 1996, Governor Weld, concluding that this burgeoning of the Code threatened its effectiveness by becoming too detailed and complex,

issued Executive Order 384, calling for an unprecedented analysis of this system of regulatory law. He instructed all agencies to comprehensively review their regulations, judging each on the basis of its effectiveness, taking into account cost/benefit, readability, less restrictive alternatives and overlap with others. Further, he directed that by December 31, 1996, "only those regulations ... mandated by law or essential to the health, safety, environment or welfare of the Commonwealth's citizens" were to be retained or modified.

Non-essential regulations have been eliminated.

A Project Review Team, under the auspices of the Executive Office of Administration and Finance, managed the undertaking, assembling a network of key contacts at each of the 132 agencies involved with the regulation initiative. The Project Team consisted of personnel from a broad cross-section of state agencies, including the Department of Revenue, the Department of Insurance, the Department of Medical Assistance and the Department of Procurement and General Services. Working with the Project Team, agency personnel reviewed all 90 years worth of existing regulations and made decisions about rescinding, modifying or retaining them. In cooperation with the Project Team, each agency developed a Regulation Review Work Plan, which set out the activities, timetables and impacts of its proposed modifications and rescissions.

July 10, 1996 constituted a milestone in the regulation initiative. It was the appointed date for submission of all agency workplans. Upon receipt of these plans, the Project Team reviewed them, approving some as submitted and negotiating with agency personnel to amend others. By late summer, the Project Team had approved a workplan for every agency subject to the Executive Order.

Ultimately, the workplans called for a rescission of 22 percent of the existing regulations and a modification of 49 percent of them.

The Project Team achieved remarkable results. By December 31, 1996, 70 percent of the workplan proposals had been fully carried out. Only the remaining 30 percent were carried over into 1997 for completion.

The Team's outstanding accomplishments were, in large part, a product of the systematized analysis of every regulation. In order to perpetuate these important achievements, the Project Team encapsulated the substance of the re-

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LEGAL

in Our Opinion

Q: A community recently passed a debt exclusion for the construction of a new school. Could the assessors separate out on the real estate tax bill the amount of additional taxes assessed due to the successful Proposition 2½ debt exclusion vote?

A: No. M.G.L. Ch.60 Secs.3 & 3A describe the contents of tax bills which must be in a form approved by the Commissioner of Revenue. Due to a recent statutory amendment, real estate tax bills beginning in fiscal year 1998 must state the last date abatement applications may be filed with the assessors. (See Table 1)

The real estate tax bill should include the parcel's total assessed value, the tax owed, the payment due date, the penalty provisions if there is late payment, the abatement due date and the abatement/exemption rights of the taxpayer.

M.G.L. Ch.60 Sec.3A also provides that the tax collector, with the approval of the selectmen or mayor, may include in the envelope with the tax bill "nonpolitical municipal informational material" provided there is no increase in postage. The city or town therefore

could include with the tax bill a mailing consisting of a graph or mere statement which indicates the portion of the total property tax revenue attributable to the debt exclusion.

Q: How should property owned by a housing cooperative corporation be assessed?

A: As a general matter, the property owned by a housing cooperative will constitute a single parcel of real estate for purposes of assessment. Even if one or more structures exist on a certain parcel, the assessors should assess the land with improvements to the cooperative housing corporation. It is the obligation of the corporation to collect from the tenants the respective share of the taxes and remit the total amount billed to the tax collector.

Unlike a housing cooperative, each unit in a condominium and its interest in the common areas is considered an individual parcel of real estate for the assessment and collection of taxes pursuant to M.G.L. Ch.183 Sec.14. The holders of interests in a cooperative, however, are merely stockholders in the corporation which owns the prop-

erty. Cooperative units then are not separately assessed.

Q: Town meeting by two-thirds vote authorized borrowing for the construction of a new school. Can a subsequent town meeting rescind the borrowing?

A: As a general matter, a town meeting by majority vote can rescind or reduce a borrowing authorization. This action is permissible only to the extent no third party rights have vested, i.e., provided that money has not been spent, borrowed or committed through valid contracts. *Adams v. Townsend School-house Committee*, 245 Mass. 543.

Q: A town wished to enter into a contract with a private company for property revaluation with payment to be made over a three-year period. What are the bid requirements and financing options for the town?

A: Communities must comply with relevant provisions of the Uniform Procurement Act (M.G.L. Ch.30B) since there is no exemption provision for revaluation services. As a further statutory provision, if the anticipated project costs exceed \$10,000, a community must go out for sealed bids in accordance with M.G.L. Ch.30B Sec.5. Pursuant to M.G.L. Ch.30B Sec.12, a community can enter into a multi-year contract provided funds are available for the first fiscal year at the time of contracting. By this statute, payment and performance obligations for succeeding fiscal years will depend on the availability and appropriation of funds. Town meeting by majority vote must authorize any contract which is in excess of three years under M.G.L. Ch.30B Sec.12(b).

Rather than relying on an annual appropriation, a community can borrow pursuant to M.G.L. Ch.44 Sec.7(18) for the expert appraisal of taxable property or for the preparation of assessors' maps, including charges for aerial mapping in connection with the preparation of the

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New FY98 Tax Bill Application Deadlines

Deadlines are measured from the date the *actual* bills are mailed

Payment System	Abatements	Personal Exemptions & Deferrals	Residential Exemptions	Other Exemptions
Semi-Annual	November 1 or 30 days after bills mailed if later	December 15 or 3 months after bills mailed if later	3 months after bills mailed	November 1 or 30 days after bills mailed if later
Semi-Annual preliminary bills issued	May 1 or 30 days after bills mailed if later	3 months after bills mailed	3 months after bills mailed	May 1 or 30 days after bills mailed if later
Quarterly bills mailed on or before December 31	February 1	3 months after bills mailed	3 months after bills mailed	February 1
Quarterly bills mailed after December 31	May 1	3 months after bills mailed	3 months after bills mailed	May 1

Table 1

Table created by Kathleen Colleary

FOCUS

on Municipal Finance

1996 Equalized Valuations

Every even numbered year, the Commissioner of Revenue is required to develop an estimate of the fair cash value of all taxable property in each city and town as of January 1 of that year (See M.G.L. Ch. 58, Secs. 9,10,10A, 10B, and 10C). This estimate is called the equalized valuation or EQV. The purpose of EQV is to present municipal property values in a comparable manner by adjusting for differences in local assessing practices and revaluation schedules. There are three major uses for these "equalized" values: the allocation of certain state aid distributions, the calculation of various state and county assessments to municipalities, and the determination of municipal debt limits.

Methodology for Calculating the Equalized Valuation (EQV)

Assessed values as of January 1, 1995 (FY96) served as the starting point for calculating the 1996 EQVs. For residential property, these values were compared to sale price data for the preceding year, January 1 through December 31, 1994. Only arms-length sales were included in this comparison. These are sales between a willing buyer and a willing seller without any unusual circumstances or conditions. Examples of non-arms-length sales include those between relatives, bank foreclosures, or other non-fair market sales.

As a result of this comparison between assessed value and actual sale price for properties which were sold, assessment sale ratios (assessed value ÷ market value) were determined for each city and town. The total assessed value was then divided by the assessment sales ratio to estimate the fair market value of the residential class.

Since there are few arms-length sales of commercial and industrial properties, the sales ratio sampling technique cannot be used as the sole estimate of fair market value for these property classes. Therefore, in addition to sales data, market appraisals, direct income capitalization information, and other sales and economic data were used to determine fair market value.

The 1996 EQV is the sum of the estimated fair market value for each property class plus an estimate of new growth during 1995. The Department of Revenue's Division of Local Services sent proposed 1996 EQVs to the cities and towns by June 1, 1996. Public hearings were held on the proposed values and communities were subsequently notified of any revisions by July 20. The municipalities then had until August 10 to appeal their values to the Appellate Tax Board. Final 1996 EQVs were sent to the legislature on January 28, 1997 and were accepted by it on May 12, 1997.

Uses of the EQV

Since EQVs provide uniform and comparable estimates of property values across the state, they are often used

as an indicator of wealth in local aid formulas. For example, EQVs are used in some distribution formulas for state aid so that communities with lower property values receive proportionately more aid than those with higher property values. They are used in some assessment formulas so that communities with lower property values assume proportionately less of the cost than communities with higher property values. The 1996 EQVs will be used to calculate certain state distributions and assessments for FY98 and FY99.

The lottery aid program, the second largest state aid program, uses the current EQV and population to determine how the annual lottery aid increases are to be allocated among communities. For example, the 1996 EQVs will be used to allocate the \$55.5 million statewide lottery aid increase proposed for FY98. It is important to note that the 1996 EQVs are not used to redistribute the entire lottery aid appropriation. Rather, in FY98, communities will receive the same amount distributed in FY97 plus their share of the additional aid to be distributed in FY98.

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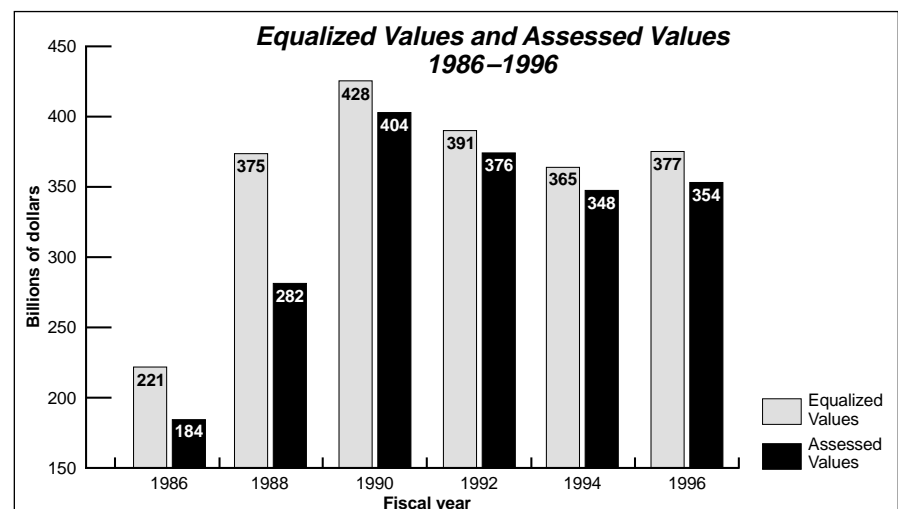


Figure 1

1996 Equalized Valuations

Municipality	1996 Equalized Value	1996 EOV Per Capita Rank	1994 EOV Per Capita Rank	Per Capita % Change	Municipality	1996 Equalized Value	1996 EOV Per Capita Rank	1994 EOV Per Capita Rank	Per Capita % Change	Municipality	1996 Equalized Value	1996 EOV Per Capita Rank	1994 EOV Per Capita Rank	Per Capita % Change
Abrington	716,443,400	49,061	257	8.39%	Chicopee	2,009,630,800	36,523	330	-6.02%	Hancock	89,283,500	130,151	35	1.09%
Acton	1,666,438,600	90,710	78	8.39%	Chilmark	830,061,200	1,073,818	1	2.02%	Hanover	1,013,626,800	80,741	104	1.63%
Acustnet	453,683,700	45,808	283	7.13%	Clarkburg	59,068,900	34,726	333	0.99%	Hanson	490,380,200	51,017	247	0.25%
Adams	310,627,900	34,240	334	-0.71%	Clinton	510,779,700	39,765	323	-0.53%	Hardwick	120,459,700	49,107	260	0.25%
Agawam	1,394,724,700	50,585	250	0.70%	Cohasset	856,628,200	114,171	47	5.64%	Harvard	524,248,300	46,745	279	11.25%
Alford	87,499,300	217,120	14	0.58%	Colrain	94,018,600	51,744	244	-1.94%	Harwich	1,626,185,400	146,768	30	-0.95%
Amesbury	797,621,300	49,910	254	-2.90%	Concord	2,269,975,300	129,248	36	16.58%	Harfield	264,923,000	83,440	95	20.88%
Amherst	1,046,631,600	29,499	346	3.04%	Conway	115,030,800	66,878	164	3.14%	Haverhill	2,120,295,100	40,034	320	-3.32%
Andover	3,072,063,800	98,096	66	8.83%	Cummington	60,935,700	73,594	125	6.63%	Hawley	22,418,700	81,820	101	7.45%
Arlington	2,999,301,600	68,753	151	4.69%	Dalton	329,135,800	45,281	285	-0.55%	Heath	46,338,400	63,943	179	25.83%
Asburnham	254,842,400	44,274	296	-2.02%	Danvers	2,103,970,900	85,635	88	8.39%	Hingham	2,021,730,100	100,824	62	7.99%
Asbury	129,782,200	43,318	303	1.40%	Dartmouth	2,048,446,800	73,505	126	4.60%	Hinsdale	112,261,800	55,493	224	0.28%
Ashfield	115,968,300	66,572	166	8.71%	Deerfield	1,683,887,500	71,515	135	-1.86%	Hobrook	50,091,200	45,884	282	-4.78%
Ashland	903,469,400	70,102	141	8.99%	Dedham	341,103,300	66,131	171	11.27%	Holden	850,242,800	55,699	221	-1.37%
Athol	363,713,900	31,145	344	1.11%	Dennis	2,132,188,600	152,900	29	-2.58%	Holland	147,859,100	67,856	159	-0.03%
Attleboro	1,698,474,700	43,704	300	0.73%	Dighton	313,263,400	54,377	227	-5.71%	Holliston	925,422,900	69,098	149	3.83%
Auburn	875,955,700	57,530	212	-3.72%	Douglas	328,223,700	50,418	252	5.38%	Holyoke	1,121,974,300	27,792	348	-16.88%
Avon	406,242,600	90,760	77	8.52%	Dover	933,790,700	169,780	23	13.01%	Hopedale	273,138,400	47,643	268	0.56%
Ayer	550,418,300	77,447	112	13.51%	Dracut	1,230,001,400	44,604	294	0.19%	Hopkinton	1,036,439,600	96,827	68	13.43%
Barnstable	4,825,386,900	113,328	48	-2.14%	Dudley	389,958,100	40,816	314	-3.22%	Hubbardston	179,958,800	53,495	234	10.67%
Barre	191,231,300	39,732	324	3.09%	Dunstable	1,958,678,900	77,130	115	7.62%	Hudson	983,249,800	56,463	219	2.93%
Becket	207,417,500	128,751	37	-4.32%	Duxbury	1,408,233,000	96,746	69	10.57%	Hull	619,736,500	57,666	211	-1.40%
Bedford	1,293,047,700	101,296	61	1.96%	East Bridgewater	621,421,400	51,764	242	1.87%	Huntington	95,752,400	47,685	292	13.91%
Belchertown	583,085,000	49,734	255	0.04%	East Brookfield	110,979,900	54,562	225	1.77%	Ipswich	991,783,700	79,847	106	6.89%
Belchertown	958,717,400	62,883	185	1.56%	East Longmeadow	961,818,500	67,992	155	1.81%	Kingswin	695,879,100	67,851	160	7.00%
Belmont	2,376,571,300	97,645	67	9.23%	Eastham	862,680,900	185,963	22	-0.99%	Lakeville	605,001,300	68,625	152	0.97%
Berkley	289,696,600	52,932	237	5.91%	Easthampton	654,489,600	42,192	301	0.10%	Lancaster	318,554,000	48,850	261	6.06%
Berlin	187,963,600	79,377	107	13.59%	Easton	1,229,042,000	59,214	206	8.98%	Lanesborough	235,853,100	78,775	108	10.54%
Barnardston	104,335,900	51,754	243	-1.15%	Edgartown	1,226,925,600	370,672	6	-1.73%	Lawrence	1,124,106,800	17,810	351	-14.67%
Beverly	2,365,546,000	61,038	196	2.08%	Egmont	182,770,200	145,983	32	6.36%	Lee	387,403,200	66,817	165	0.39%
Billerica	2,208,107,500	56,832	215	3.09%	Erving	143,781,100	108,678	51	-5.08%	Leicester	395,974,000	39,186	328	41.175
Blackstone	339,963,500	40,149	319	0.07%	Essex	319,590,500	89,899	80	8.89%	Lenox	459,095,100	89,162	81	88,267
Blackford	83,610,000	69,156	148	5.27%	Essex	2,097,750,800	61,447	193	63,313	Leominster	1,707,632,600	44,656	293	45,051
Bolton	376,737,100	104,653	56	5.78%	Fairhaven	866,082,800	53,325	235	53,883	Leverett	114,412,400	63,002	184	61,986
Boston	31,075,293,700	56,735	217	5.02%	Fall River	2,813,460,700	31,462	341	30,570	Lexington	3,689,184,800	126,741	38	112,410
Bourne	1,437,733,300	86,371	85	2.35%	Falmouth	3,618,170,500	124,984	39	125,147	Leyden	38,597,300	52,159	241	53,977
Buxborough	402,723,400	95,864	71	7.05%	Fitchburg	1,178,194,300	32,080	338	35,355	Lincoln	837,001,800	101,467	60	94,716
Boxford	757,512,100	106,512	54	9.49%	Florida	55,857,400	73,400	127	66,404	Littleton	1,628,787,500	83,504	94	80,013
Boylston	265,089,100	74,568	123	7.34%	Foxborough	1,083,159,400	69,737	143	67,750	Longmeadow	1,192,398,500	76,637	116	75,587
Braintree	2,449,092,000	72,463	132	3.65%	Framingham	3,955,109,800	62,417	188	58,295	Lowell	2,644,624,100	27,533	349	32,538
Brewster	1,129,552,100	122,219	42	2.28%	Franklin	1,760,276,700	68,180	156	60,131	Ludlow	922,732,200	47,124	274	46,375
Bridgewater	997,392,300	43,288	306	5.00%	Freetown	478,349,400	56,502	218	56,391	Lunenburg	496,698,400	52,461	239	54,243
Brimfield	174,965,500	53,680	231	-6.11%	Gardner	603,909,500	29,705	345	32,145	Lynn	2,451,325,700	31,302	342	33,372
Brockton	2,811,051,100	32,159	337	-7.12%	Gay Head	198,164,900	896,674	3	828,043	Lynnfield	1,091,309,900	96,662	70	91,807
Brockfield	121,898,900	39,348	326	4.76%	Georgetown	469,697,100	65,145	173	60,933	Malden	1,998,192,800	38,573	329	42,006
Brookline	5,048,485,400	95,768	72	9.06%	Gill	69,805,300	43,304	304	46,574	Manchester	854,321,900	156,555	28	143,029
Buckland	104,410,600	48,227	265	-0.89%	Gloucester	2,091,570,400	71,880	134	69,291	Marblehead	1,391,011,300	72,283	133	64,541
Burlington	2,048,425,400	88,374	82	2.07%	Goshen	63,117,400	73,392	128	73,385	Marshfield	2,249,236,900	106,423	52	99,779
Cambridge	7,593,801,600	76,022	118	-0.57%	Gosnold	937,698,200	973,698	2	974,187	Marion	602,319,400	123,934	41	126,978
Canton	1,670,684,300	83,372	96	-1.94%	Grafton	686,121,500	51,211	245	48,737	Marlborough	2,155,718,500	64,779	175	63,165
Carlisle	574,967,000	124,987	40	11.57%	Granby	292,461,000	48,565	263	49,625	Marshfield	1,651,966,800	71,412	136	68,192
Carver	490,285,400	41,841	310	4.77%	Granville	537,011,200	62,266	189	58,325	Medford	2,850,402,200	51,201	246	53,223
Charmont	61,392,300	49,670	256	-6.11%	Great Barrington	97,699,500	69,832	142	69,597	Methuen	1,298,760,900	136,138	34	141,739
Charlton	531,720,300	45,688	286	0.68%	Greenfield	760,475,000	42,188	311	41,514	Mattapoisett	620,738,100	105,910	55	100,157
Chatham	1,628,155,200	259,715	11	3.16%	Groton	605,566,200	69,492	146	64,790	Maynard	594,055,900	57,017	214	55,683
Chelmsford	219,612,700	63,349	181	2.35%	Groveland	318,689,700	57,525	213	52,881	Medford	1,039,177,400	90,631	79	78,029
Chelsea	812,415,200	31,580	340	-9.00%	Hadley	365,919,000	84,566	91	80,651	Medford	2,850,402,200	51,201	246	53,223
Cheshire	149,461,300	42,721	309	-1.43%	Halifax	333,267,900	48,056	266	43,462	Melrose	1,580,721,000	58,064	209	64,767
Chester	64,771,800	47,556	269	-1.06%	Hamilton	82,012,900	82,013	200	73,864	Mendon	304,447,700	66,415	168	61,479
Chesterfield	62,050,000	59,663	201	-8.72%	Hampden	283,779,600	58,924	207	56,246	Merrimac	272,194,900	46,906	276	45,509

1996 Equalized Valuations

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The EQVs also play a role in how a component of Chapter 70 education aid called overburden aid is distributed. For communities that must increase their local contribution to schools to reach their foundation budget spending target, overburden aid provides temporary state assistance to low and medium wealth communities to help bridge this gap. For example, overburden aid is awarded when a community's per capita income is below the state average, or when the "adjusted equalized value per pupil" is 120 percent or less of the state average. Adjusted EQV per pupil is calculated by multiplying a community's equalized valuation by the ratio of its per capita income to the statewide average per capita income and dividing by the number of foundation pupils.

The state and county assessments that use EQVs in their formulas totaled approximately \$30 million in FY97. The assessment programs using EQVs include: County Tax, Mosquito Control Projects, Air Pollution Districts and Boston Metropolitan Transit District. County taxes represent \$24.7 million of these assessments and are assessed in proportion to each municipality's share of total county EQV.

Finally, EQVs are used to compute municipal debt limits. The debt limit for cities is calculated at 2.5 percent of the latest EQV. For towns, it is set at 5 percent of the latest EQV. Communities may petition the Emergency Finance Board to increase their debt limit up to 5 percent for cities and 10 percent for towns. Although many borrowing purposes (e.g., water projects, landfill closure and certain sewer projects) are outside of this general debt limit, certain of these purposes have specific debt limitations that are also based on EQV.

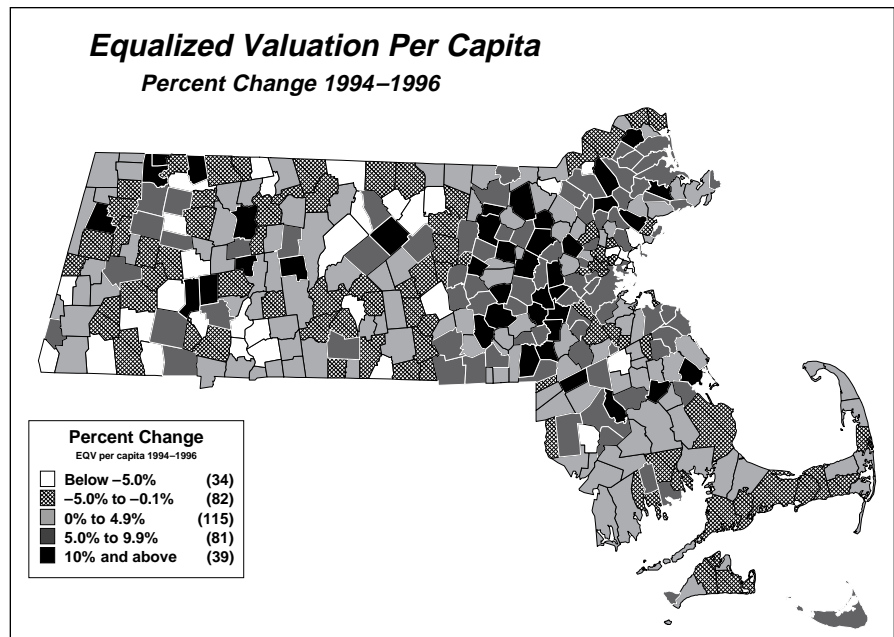


Figure 2

Findings

Table 2 shows the 1996 EQVs, the 1996 EQV per capita, and the state-wide rank in EQV per capita for each municipality. In addition, Table 2 shows the 1994 EQV per capita, the state-wide rank in 1994 EQV per capita and the percentage change in EQV per capita between 1994 and 1996. Similar to the 1994 rankings, the town of Chilmark again had the highest 1996 EQV per capita at \$1,073,818, with Gosnold and Gay Head close behind at \$973,689 and \$896,674, respectively. The state-wide average 1996 EQV per capita was \$62,442 compared with the 1994 state average of \$60,701.

Figure 1 shows changes in total state EQVs between 1986 and 1996. As was explained in the section on methodology, EQVs are primarily tied to real estate prices two years earlier. The graph shows that the EQVs peaked in 1990 at \$427.6 billion, increasing 14.1 percent from the 1988 level of \$374.9 bil-

lion. This increase reflects the peak in real estate prices in 1988. The 1988 total EQV was 69.3 percent higher than the 1986 total EQV, reflecting the rapidly rising real estate prices between 1984 and 1986. Between 1990 and 1994 total EQVs went down, dropping 8.6 percent between 1990 and 1992, and 6.6 percent between 1992 and 1994. Between 1994 and 1996, EQV increased from \$365.3 billion to \$377.2 billion, a 3.3 percent increase reflecting a turnaround in real estate prices between 1992 and 1994.

Figure 2 is a map showing percent change in EQV per capita from 1994 to 1996. This map shows percentage changes for every city and town in Massachusetts. For the most part, the communities with the largest increases in EQV per capita tend to be in the belt between Routes 128 and 495. Communities with the largest decreases tend to be in the central and western parts of the state. ■

Written by Stan Nyberg
Data analysis by Donna Demirai

Smithsonian Award

The Massachusetts Department of Revenue (DOR) received the 1997 Computerworld Smithsonian Award, in the government and non-profit category, for its vision and leadership in the use of information technology. DOR was recognized at the Smithsonian Institute in Washington, D.C., on June 10, 1997, for its revolutionary tax processing systems, Telefile and Imaging. The Telefile interactive voice response tax system, for short-form tax filers, has reduced a 180-ton paper system to a paperless, electronic touch-tone telephone system. Also breaking with the 9 am-to-5 pm tradition, Telefile can be used 24 hours a day, 7 days a week and saves taxpayers approximately 80 percent of the standard processing costs. In addition, DOR uses one of the world's most advanced image/data capture systems for long-form filers. DOR's systems are not only award winners, but also models in 15 other states and part of the Smithsonian's permanent collection on the Information Age. ■

Legal

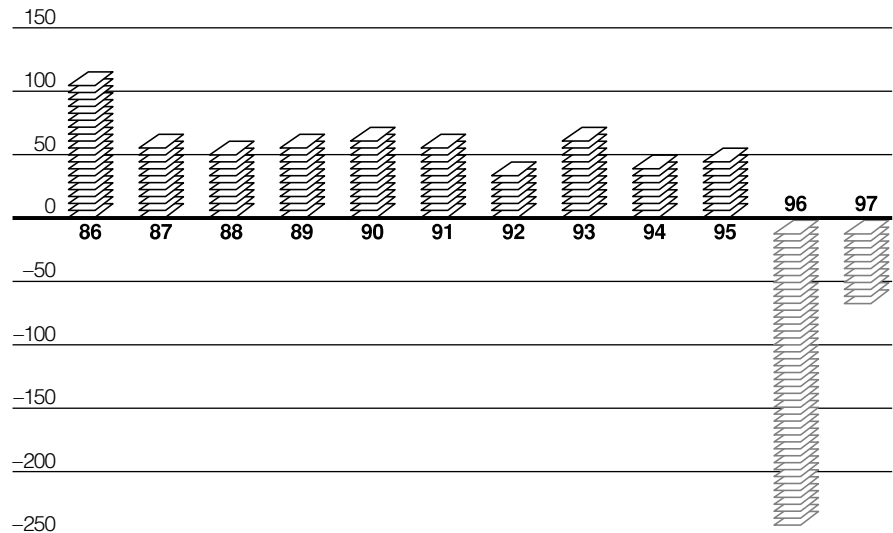
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maps. Although the maximum borrowing term is 10 years, the useful life of a revaluation is only three years.

Q: A taxpayer owned a tax delinquent property. For fiscal year 1997 the assessors increased the parcel's valuation. The taxpayer timely tendered the FY97 payments with the tax bills to preserve the right of appeal to the Appellate Tax Board (ATB). Can the collector apply the payments to previous years' tax obligations?

A: No. It is a general legal principle that if a debtor specifies where payment is to be applied, then the creditor is not permitted to apply payment else-

New CMRs Promulgated by Year



Cutting Red Tape

➔ *continued from page one*

view process in a handbook, entitled *20 Principles for Writing Effective Regulations: A Primer for State Agencies*, which it distributed to agency personnel.

As a result of the Regulations Review Project, the Code of Massachusetts Regulations is now much leaner and

more readable. Every regulation has been considered in the context of its cost/benefit. Duplications and overlaps have been eliminated. Non-essential regulations have been rescinded. In sum, the project has reduced the regulatory burden on Massachusetts citizens and businesses. ■

where. The debtor must exercise the primary power to direct payment before or at the time of payment. If a debtor neglects to designate where payment is to be applied, then the creditor can apply the payment to any of the debts, as the creditor chooses and without concern for the debtor's interests. *Warren Brothers Company v. Sentry Insurance*, 13 Mass. App.Ct. 431 (1982). In a 1989 decision, the ATB held that that a letter or a notation on a check detailing exactly where payment is to be applied constitutes sufficient notice as to the application of payment. *Cressey Dockham & Co., Inc.*

v. Board of Assessors of Andover. Commissioner of Revenue v. Molesworth 408 Mass. 580 (1990), was a case having to do with income tax obligations. There the Supreme Judicial Court held that, absent a statute to the contrary, payments were to be applied as expressly directed by the taxpayer. We think the principle applies with equal force to property tax payments.

In the case at hand, where the taxpayer submitted payments with the tax bills, the taxpayer had instructed the collector. Accordingly, the collector was not free to apply payment elsewhere. ■

Compiled by James Crowley

Municipal Fiscal Calendar

August 1

Taxpayer: *Deadline for Paying 1st Quarterly Tax Payment. M.G.L. Ch. 59, Sec. 57C; Deadline for Payment Without Interest*

Taxpayer: *Annual Boat Excise Return Due*

Accountant: *Notification of Total Receipts of Preceding Year*

The total actual local receipts (e.g., motor vehicle excise, fines, fees, water/sewer charges) of the previous fiscal year must be included on Schedule A of the Tax Rate Recapitulation Sheet (Recap) which is submitted by the Assessors to DOR. On the Recap, the Accountant certifies the previous fiscal year's actual revenues, and the Assessors use this information to project the next fiscal year's revenues. Any estimates of local receipts on the Recap that differ significantly from the previous year's actual receipts must be accompanied by documentation justifying the change in order to be approved by the Commissioner of Revenue.

August 15

Assessors: *Deadline to Vote to Seek Approval for Authorization to Issue Preliminary Tax Bills*
For communities issuing preliminary real and personal property tax bills on a twice-yearly (non-quarterly) basis, the Assessors must vote to seek tax notice authorization approval from DOR by this date. After receiving approval, Assessors must submit a Pro-forma Tax Rate Recap Sheet to DOR for review and issue the tax bills by October 1.

Treasurer: *4th Quarter Reconciliation of Cash for the Previous Fiscal Year (due 45 days after end of quarter)*

A reconciliation is the process of comparing the Treasurer's accounts to the Accountant's ledger balance to determine if they are consistent, and for the officials to make any necessary corrections. When the reconciliation is complete, the Accountant should indicate agreement with the Treasurer's balances. Reconciliations are required every quarter by DOR, but cities and towns should reconcile monthly for their own purposes. Municipalities may also use these reports to monitor cash practices of the Treasurer's office. If the Accountant and Treasurer are not consistently reconciling cash accounts, or if the reconciliations indicate variances, the Mayor or Selectmen should inquire as to the reasons.

August 31

Taxpayer: *Last Filing Day for Classified Forest Land, M.G.L. Ch. 61*

DOR/BOA: *Issue Instructions For Determining Local and District Tax Rates*

A copy of the Tax Rate Recap Sheet and its instructions are forwarded to the town.

Assessors: *Begin Work on Tax Rate Recapitulation Sheet (to set tax rate for semi-annual bills)*

Until the Tax Rate Recap Sheet is completed and certified by the Commissioner of Revenue, the town may not set a tax rate nor send out its property tax bills (unless it issues quarterly tax bills or requests from DOR the authority to send out preliminary tax notices if DOR requirements are met). Towns should begin gathering the information in enough time for the tax rate to be set and tax bills mailed by October 1. The Tax Rate Recap Sheet provides Selectmen with a ready-made financial management tool because the town's most important financial management information is summarized on this form.

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Data Bank Highlight

Watch the DLS Website for Cherry Sheets

Approximately four or five days after the Governor signs the state budget, look for municipal and regional school district Cherry Sheets on the World Wide Web. The Division of Local Services (DLS) will make this data on estimated receipts (State Aid) and assessments available on its website, most likely a few days before local financial officers receive their Cherry Sheets by mail. ■

To obtain Municipal Data Bank information contact: John Sanguinet at (617) 626-2355 for printed reports and data files; Burt Lewis at (617) 626-2358 for the On-Line Access System; or use the World Wide Web address below.

City & Town



City & Town is published by the Massachusetts Department of Revenue's Division of Local Services (DLS) and is designed to address matters of interest to local officials. DLS offers numerous publications on municipal law and finance, available by calling (617) 626-2300, or through the DLS World Wide Web site at <http://www.state.ma.us/dls> or by writing to PO Box 9655, Boston, MA 02114-9655.

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